

Message Text

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13

ACTION SCI-06

INFO OCT-01 EUR-25 IO-13 ADP-00 AID-20 EB-11 ACDA-19

CIAE-00 INR-10 L-03 NSAE-00 NSC-10 RSC-01 SCEM-02

COME-00 RSR-01 /122 W

----- 041530

R 240847Z AUG 73

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC 3277

INFO AEC/GERMANTOWN

AMEMBASSY BUCHAREST

USMISSION USUN

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EO: 11652: N/A

TAGS: TECH, EAID, ETRD, IAEA, RO, US

SUBJ: UNDP NUCLEAR TECHNOLOGY PROJECT IN ROMANIA

1. SUMMARY: IAEA HAS REQUESTED CLARIFICATION OF U.S. ATTITUDE TOWARD POSSIBLE PARTICIPATION IN SUBJECT PROJECT IN VIEW OF APPARENTLY CONFLICTING REPORTS THEY ARE GETTING FROM ROMANIANS, UNDP/NY REP BRUCE HARLAND AND THIS MISSION. ACCORDING TO AGENCY, NET EFFECT IS THAT AGENCY IS APPARENTLY BEING BLAMED BY ROMANIANS FOR LACK OF U.S. PARTICIPATION IN PROJECT. ACTION REQUESTED: CLARIFICATION OF U.S. VIEWS AND AUTHORIZATION TO OFFICIALLY ADVISE AGENCY OF SAME. END SUMMARY.

2. AGENCY INFORMS US THAT, ACCORDING TO BRUCE HARLAND OF UNDP HEADQUARTERS EUROPEAN BUREAU (WHO STOPPED IN VIENNA FOLLOWING VISIT TO BUCHAREST), ROBERT KITCHEN (USUN) RECENTLY INQUIRED OF UNDP HEADQUARTERS WHY THERE WAS NO RPT NO U.S. PARTICIPATION IN THIS PROJECT, IMPLYING THAT UNDP AND/OR IAEA SHOULD TAKE ACTION TO ARRANGE SUCH PARTICIPATION.

3. AS DEPT/AEC AWARE, FOUR U.S. COMPANIES KNOWN TO HAVE EXPERTISE IN FUEL TECHNOLOGY (WESTINGHOUSE, GE, BABCOCK & WILCOX AND GULF LIMITED OFFICIAL USE

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ENERGY AND ENVIRONMENTAL SYSTEMS) WERE FORMALLY INVITED BY AGENCY

TO BID ON SUBCONTRACTS FOR THIS PROJECT LAST YEAR. ON BASIS OF INFO PROVIDED EARLIER (STATE 6359, JAN 11, 1973), MISSION INFORMED AGENCY THAT NEITHER GULF ENERGY AND ENVIRONMENTAL SYSTEMS NOR BABCOCK AND WILCOX WERE INTERESTED. FURTHER, AFTER DISCUSSIONS WITH GE, AGENCY SUBSEQUENTLY DETERMINED THAT THEY ALSO DISCLAIMED INTEREST.

4. FOLLOWING IAEA/ROMANIAN TEAM VISIT TO WESTINGHOUSE IN PITTSBURGH LAST MAY, AGENCY UNDERSTANDING WAS THAT WESTINGHOUSE WAS TO PROVIDE DEFINITIVE RESPONSE THROUGH AEC (YEOMANS) WITHIN 2-3 WEEKS. NEITHER AGENCY NOR MISSION HAS RECEIVED SUCH RESPONSE YET, BUT ROMANIANS CONTACTED AGENCY LAST WEEK ASKING ABOUT "A WESTINGHOUSE LETTER", WHICH (IF IT EXISTS) ALLEGEDLY PROVIDES SOME BASIS FOR BELIEVING THAT WESTINGHOUSE MIGHT YET BE INTERESTED IN PARTICIPATION IN PROJECT.

5. MISSION NOTES FROM STATE 162136 AND BUCHAREST 3013 (RECEIVED BY MISSION AUG 22) THAT ROMANIANS APPARENTLY MADE CONTACT DIRECTLY WITH EUROPEAN REP OF GULF UNITED NUCLEAR FUELS, WHICH REPORTEDLY NOW CONSIDERING POSSIBLE PARTICIPATION IN BIDDING ON SUBCONTRACTS FOR UNDP PROJECT. MISSION ITSELF NOT RPT NOT CLEAR ON CORPORATE RELATIONSHIP (BESIDES NAME) BETWEEN GULF UNITED NUCLEAR FUELS AND GULF ENERGY AND ENVIRONMENTAL SYSTEMS, AND WHETHER THIS THEREFORE REPRESENTS RECONSIDERATION OF EARLIER DECISION BY GULF ENERGY NOT TO BID (PARA 3 ABOVE), OR NEW ENTRY INTO FIELD. SOME CONFUSION HAS ALSO BEEN CAUSED IN AGENCY BY ROMANIAN REFERENCES TO "GULF" WITHOUT SPECIFICATION. FINALLY, MISSION NOTES THAT THERE IS IMPORTANT DISTINCTION BETWEEN BIDDING ON SUBCONTRACTS FOR COMPONENT OF UNDP NUCLEAR TECHNOLOGY PROJECT TO BE EXECUTED BY IAEA (WHICH INCLUDES, INTER ALIA, TECHNOLOGY FOR FUEL FABRICATION) AND PURCHASE BY GOR OF TRIGA RESEARCH REACTOR AND FUEL THEREFOR FROM GULF ENERGY AND ENVIRONMENTAL SYSTEMS. SOME CONFUSION CAN BE INTRODUCED INTO SITUATION BY FACT THAT TRIGA WILL BE USED AT SAME PLACE AS PROJECT SITE FOR UNDP PROJECT AND IN FACT IS CONSIDERED BY ROMANIANS AS PART OF THEIR RECIPIENT COUNTRY CONTRIBUTION TO THIS PROJECT. ACCORDINGLY, WHILE GOR MAY BE REFERRING TO "U.S. PARTICIPATION" AS RELATING ALSO TO PURCHASE OF TRIGA REACTOR, THIS IS ENTIRELY DIFFERENT MATTER FROM OFFER TO BID ON SUBCONTRACTS TO BE LET BY AGENCY FOR UNDP DOLLAR COMPONENT OF PROJECT.

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6. MISSION ALSO UNDERSTANDS THAT DDG HALL RECENTLY DISCUSSED WITH AEC (FRIEDMAN AND YEOMANS) ROMANIAN INTEREST IN HAVING "U.S. PRESENCE" IN CONNECTION THIS PROJECT, EVEN IF ONLY ONE U.S. EXPERT ASSIGNED TO PROJECT. (AGENCY INTEREST IN DR. MILTON LEWIS, PER IAEA VIENNA 6909 NOTAL MAY PROVIDE BASIS FOR LATTER POSSIBILITY.)

7. AGENCY OBVIOUSLY DISPLEASED WITH HAVING LEARNED THIRD-HAND

ABOUT DIRECT CONTACT BY ROMANIANS WITH U.S. CORPORATION (GULF UNITED NUCLEAR) WHEN SAID CORPORATION IS APARENTLY CONSIDERING BIDDING ON SUB-CONTRACT WITH IEAE (NOT RPT NOT GOR) FOR UNDP PROJECT FOR WHICH IAEA IS EXECUTING AGENCY; MISSION ASSUMES FROM STATE 162136 THAT GOR CONTACT WITH GULF UNITED NUCLEAR DOES NOT RPT NOT RELATE TO TRIGA REACTOR DEAL. MISSION ALSO ASSUMES THAT ULTIMATE RESPONSE BY GULF UNITED NUCLEAR FUELS WILL BE CONVEYED TO MISSION TO ENABLE US OFFICIALLY INFORM AGENCY THAT GULF UNITED NUCLEAR INTERESTED IN BIDDING ON SUB-CONTRACTS WHICH AGENCY WILL SIGN.

8. ACTION REQUESTED: MISSION WOULD APPRECIATE RECEIVING ADVICE ON STATUS WESTINGHOUSE RESPONSE (PARA 5 ABOVE), AND ON FINAL DECISION GULF UNITED NUCLEAR FUELS, ON BIDDING ON SUBCONTRACTS TO BE LET BY AGENCY IN DOLLAR COMPONENT OF UNDP PROJECT. AGENCY WOULD LIKE TO HAVE SOMETHING IN WRITING FROM U.S. ON THESE POINTS, PRESUMABLY SO THEY CAN CLEAR UP MATTER WITH ROMANIANS.

9. MISSION WOULD ALSO APPRECIATE LEARNING RESULTS OF ANY FURTHER CONSIDERATION GIVEN BY AEC FOLLOWING DISCUSSIONS WITH HALL TOWARD PARTICIPATION, PARTICULARLY AS REGARDS AGENCY PROCEEDING WITH NORMAL RECRUITMENT PROCEDURE FOR U.S. EXPERTS SUCH AS LEWIS, IN CONNECTION THIS UNDP PROJECT.

10. FINALLY, MISSION WOULD APPRECIATE BEING INCLUDED AS INFO ADDRESSEE ON ALL TELEGRAPHIC TRAFFIC DEALING WITH ANY ASPECT SUBJECT UNDP PROJECT, INCLUDING SALE OF TRIGA REACTOR AND FUEL TO GOR BY GULF ENERGY AND ENVIRONMENTAL SYSTEMS.LABOWITZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 24 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973IAEAV06986
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: IAEA VIENNA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730817/aaaaamoq.tel
Line Count: 143
Locator: TEXT ON-LINE
Office: ACTION SCI
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 28 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28-Aug-2001 by elyme>; APPROVED <13-Sep-2001 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNDP NUCLEAR TECHNOLOGY PROJECT IN ROMANIA
TAGS: TECH, EAID, ETRD, RO, US, IAEA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005